



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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November 10, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. L-0952
INTERNAL SERVICES DEPARTMENT
1400 SOUTH GRAND AVENUE, SANTA ANA**

SUBJECT

The joint recommendation for proposed Amendment No. 2 will extend the current lease two years and provide the Internal Services Department (ISD), continued use of 2,379 usable square feet, plus 2,422 usable square feet of additional data center space for the Local Recovery Center.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 (r), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the attached Amendment No. 2 with the County of Orange (Lessor), extending for two years and expanding to approximately 4,801 usable square feet of data center space for the ISD Local Recovery Center at the initial annual base rent of \$766,824, plus the annual cost of separately metered electricity estimated to be up to \$277,035. The amendment will be effective upon approval by the Orange County Board of Supervisors.

"To Enrich Lives Through Effective And Caring Service"

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The Honorable Board of Supervisors

November 10, 2009

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3. Authorize the CEO in consultation with ISD to exercise the option if it is equal to or less than the existing lease rate. If the rate increases, the CEO and ISD will seek Board approval to exercise the extension.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since November 1, 2005, the County of Orange Data Center in the City of Santa Ana, has been used to house the ISD Local Recovery Center as an emergency contingency and support site for the County of Los Angeles (County) main data center located at 9150 East Imperial Highway, Downey. To reasonably ensure both facilities are not impacted by a catastrophic event, the facility is located a sufficient distance from the County's main data center, yet within an accessible proximity. Based upon a 2004 independent analysis that incorporated FEMA data, it was determined that in all probability, no single seismic event would render both data centers inoperable.

The facility will provide the County the ability to restore most critical computer systems in the event of a disaster that renders the County's main data center in Downey inoperable. These systems process mission critical applications for most county departments including: Animal Care and Control, Auditor-Controller, Board of Supervisors, Chief Executive Office (CEO), Department of Children and Family Services, Coroner, Human Resources, ISD, Department of Mental Health, Probation, Public Defender, Department of Public Social Services, Registrar-Recorder, Sheriff, Treasurer and Tax Collector, and State of California Superior Courts in the County. County computer systems support essential services that cover a broad range from financial management (eCAPS), to public safety, revenue collection, public assistance, and emergency incident management.

The Local Recovery Center includes data/disk replication and storage, IBM and Unisys mainframe computing systems, along with midrange UNIX and Windows servers. A number of these systems provide redundancy for Countywide Voice-over-IP telephony and centralized emergency contact centers. Additionally, the facility houses alternate network infrastructure components for the County's Enterprise Network, internet, and external network connections.

The Honorable Board of Supervisors
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The County of Orange Data Center vendor, Affiliated Computer Systems, provides some routine staffing functions under a separate ITSSMA work order, while ISD staff members manage the installation and ongoing maintenance of the computing equipment housed within the facility. Work space for up to ten staff is provided, although no ISD staff members are permanently located at the facility. The premises dedicated to Los Angeles County originally contained 1,791 usable square feet, and was expanded to contain 2,422 usable square feet effective February 1, 2008, via the expansion right provided in the lease approved by your Board on June 21, 2005. ISD would like to extend the lease agreement through November 30, 2011, and expand the premises to contain 4,801 usable square feet to support the increasing need for backup of new and expanded critical systems within the County data center in Downey.

On September 18, 2009, the CEO announced that the Chief Information Office (CIO) would be leading an effort to develop a countywide Shared Data Center Strategy. Since this effort may ultimately impact the amount of future space required for the Local Recovery Center, this amendment is limited to a two-year extension while an assessment is conducted and a strategy developed. The expansion contained within this amendment addresses the current needs of ISD customers supported by the County data center in Downey.

The CIO has reviewed the plans to expand the Local Recovery Center and fully supports the lease extension with the County of Orange as a good example of multi-jurisdictional collaboration.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

In compliance with Strategic Plan (Goal 1, Operational Effectiveness, Strategy 5 – Information Technology) the ISD Local Recovery Center promotes, shares, and coordinates reliable information technology services and infrastructure to achieve operational improvements and meet County business goals. The County is leasing space for the ISD Local Recovery Center as an emergency contingency as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual lease cost will be \$766,824, plus the annual cost of separately metered electricity estimated at up to \$277,035, based on lessee's actual cost of electricity for the previous fiscal year, adjusted for the additional square footage.

LOCAL RECOVERY CENTER			
1400 S. GRAND AVE. SANTA ANA	EXISTING LEASE AS AMENDED	PROPOSED LEASE AMENDMENT NO. 2	CHANGE
Area (Usable Sq. Ft.)	2,379	4,801	+ 2,422
Term	11/01/05 thru 10/31/08 (currently month-to-month)	12/01/09 thru 11/30/11	+ 2 years
Annual Base Rate	\$422,508 or \$177.60/sq. ft.	\$766,824 or \$159.72/sq.ft.	+ \$344,316 or - \$17.88/sq.ft.
Electricity	Included	Metered separately Up to \$277,035/year - estimated	+Metered separately Up to \$277,035/year - estimated
Parking (included in rent)	4 spaces	4 spaces	No change
Cancellation	Anytime upon 90 days prior written notice	Anytime after 11/30/10 upon 180 days prior written notice	+ 90 days prior written notice + one year
Option to Renew	Two one-year options	One two-year option	+ One two-year option
Expansion Right	First refusal	First refusal	No change

Sufficient funding for the proposed lease amendment is included in the 2009-10 Rent Expense budget and will be charged back to ISD. ISD has sufficient budgeted funds in its FY 2009-10 operating budget (as noted below). All costs associated with the proposed lease are offset by customer utilization and telephone utility rates.

LOCAL RECOVERY CENTER MULTI-YEAR COST			
	FY 09-10 EST. COST	FY 10-11 EST. COST	FY 11-12 EST. COST*
Annual Base Rental Rate	\$623,359	\$766,824	\$766,824
Annual Electricity	\$145,443 (partial year)	\$232,709	\$277,035
Total Annual Cost	\$768,802	\$999,533	\$1,043,859
ISD FY 09-10 Budgeted Amount	\$964,375		

*For comparative purposes, this column reflects projected full 2011-12 costs at the same base rate as the proposed two-year lease period. Annualized electricity costs reflect projected increases in both power usage and rates. After November 2011, the lease agreement provides for a renewal option period of two years at a future negotiated rate.

Sufficient funding for future years' estimated costs will be included in the annual budget requests for the Rent Expense budget and in ISD's operating budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will allow ISD to continue to locate a Local Recovery Center at a sufficient distance from the main Downey data center facility in the event of a disaster. Amendment No. 2 provides the following:

- A lease extension through November 30, 2011 and a renewal option for an additional two-year term at a future negotiated rate that is equal, or less than, the existing lease rate.
- A modified-gross lease structure which places responsibility for separately metered electricity on the lessee.
- A monthly base rent of \$63,902.
- The base rent includes four non-exclusive surface parking spaces pursuant to the underlying lease.
- A mutual cancellation right at any time after November 30, 2010, upon 180 days prior written notice.
- A right of first refusal to lease additional space upon 90 days prior written notice.

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CEO Real Estate staff surveyed the County as specified by ISD. Staff was unable to identify any sites in the County area that could accommodate this requirement more economically within a sufficient distance. There are no County-owned or lease facilities available to accommodate this program.

ISD has contacted all counties within the Southern California area and has determined that alternative data center space required for the Local Recovery Center is not available within their data centers.

Based upon a market survey of similar properties throughout the County, staff has determined that the base rental range including parking for similar properties is between \$199 and \$264 per square foot per year (excluding electricity usage). Thus, the base annual rent of \$159.72 provided in the proposed Amendment No. 2 reflects a rental rate within the fair market value.

The County of Orange Data Center was constructed as an essential facility in 1992. The Department of Public Works has confirmed the building is suitable for lease as an essential facility. The Lessor has made power infrastructure upgrades to accommodate the expansion requirements of the County, the cost of which is included in the monthly lease amount. No additional tenant improvements will be provided as part of this amendment by the County of Orange or ISD.

The proposed premises are part of a high-security data center facility, and not appropriate to operate a child care center.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

Find that the amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 (r), of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)


The proposed amendment No. 2 will allow ISD to continue to utilize and expand the Local Recovery Center. ISD concurs with this recommendation.

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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two original leases and two certified copies of the Minute Order and adopted stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:WLD
CEM:MM:hd

Attachments (3)

c: County Counsel
Auditor-Controller

1400SouthGrand.b



TOM TINDALL
Director
Internal Services Department

INTERNAL SERVICES DEPARTMENT
1400 SOUTH GRAND AVENUE, SANTA ANA

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions? ²	X		
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ²			X
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program?	X		
	B	Is this a long term County program? The CEO and CIO are developing a Countywide data center strategy.			X
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?		X	
	G	Was build-to-suit or capital project considered? The building is a special use facility, and is available at a competitive market rate.			X
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ² Lessee will be responsible for utilities and separately metered electricity.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				



RDMD/RLS/CEO-07-007

Data Center – County of Los Angeles

1400 S. Grand Avenue, Rooms 122 – 124

Santa Ana, CA 92705

SECOND AMENDMENT TO LEASE

THIS IS A SECOND AMENDMENT TO LEASE (“Second Amendment”) made _____, 2009, by and between the County of Orange, a political subdivision of the State of California, (hereinafter referred to as “COUNTY”) and the County of Los Angeles, (hereinafter referred to as “LESSEE”) without regard to number and gender. The term “COUNTY” shall mean the Board of Supervisors of the political body that executed this agreement or its authorized representative.

RECITALS

- I. Pursuant to a lease dated July 26, 2005, (“Lease”) COUNTY leases to LESSEE a portion of the building at 1400 North Grand Avenue, Santa Ana, California (the “County Data Center”), which space is more particularly described on Exhibits “A” and “B” of the Lease.
- II. The parties executed a First Amendment to Lease on February 5, 2008 (“First Amendment”), to expand the Premises by 588 useable square feet from 1,791 useable square feet (u.s.f.) to a total of 2,379 u.s.f., which space is more particularly described on Revised Exhibits “A” and “B” of the First Amendment.
- III. The three-year Lease term expired on November 1, 2008, and LESSEE currently occupies the Premises pursuant to the holdover provisions of the Lease.
- IV. LESSEE now desires to extend the term of the Lease and to expand the Premises into additional 2,422 u.s.f. of space contiguous to the Premises for a total of 4,801 u.s.f.
- V. The electricity to the Premises is separately metered and LESSEE’s electrical cost has been found to substantially exceed COUNTY estimates that were the basis of the full service gross rental rate under the Lease. COUNTY has already received notice of additional electrical rate increases and LESSEE desires to reimburse COUNTY for all charges incurred on behalf of LESSEE.

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1 VI. COUNTY and LESSEE are willing to enter into this Second Amendment to increase the Premises to
2 4,801 u.s.f. on a modified gross basis in which LESSEE will reimburse COUNTY for its actual share
3 of separately metered electrical usage.
4

5 NOW THEREFORE, COUNTY and LESSEE do hereby agree that effective the first day of the first full
6 month following the effective the date of this Second Amendment ("Second Amendment Date"), to
7 amend the Lease as follows:
8

9 A. Clause 7. TERM (AM 2.3 N) is deleted from the Lease and the following is substituted:
10

11 "7. TERM (AM 2.3 N)

12
13 The term of this Lease commenced on November 1, 2005, and will terminate on November 30,
14 2011."
15

16 B. Clause 8. OPTION TO EXTEND TERM (N) is deleted from the Lease and the following is
17 substituted:
18

19 "8. OPTION TO EXTEND TERM (N)

20
21 LESSEE shall have the option to extend the term of this Lease for one additional two (2) year
22 period, on the same terms and conditions, except at a future negotiated rental rate. Notification
23 of said exercise of option shall be made in writing from LESSEE by letter from LESSEE's Chief
24 Executive Office to COUNTY at least sixty (60) days prior to the Lease termination date."
25
26

27 C. Clause 9. OPTION TO TERMINATE LEASE (AM 3.1N) is deleted from the Lease and the following
28 is substituted:
29

30 "9. OPTION TO TERMINATE LEASE (AM 3.1N)

31
32 COUNTY or LESSEE shall have the option to terminate this Lease at anytime after November 30,
33 2010, by giving the other party at least one hundred eighty (180) days prior written notice.
34

35 LESSEE agrees that at termination of the Lease, LESSEE will remove all LESSEE-owned
36 equipment, furniture, and other items, and that the Premises shall be left in as good condition as
37 when received, reasonable wear and tear excepted."

1 D. Clause 10 LESSEE'S RIGHT TO LEASE4 ADDITIONAL SPACE (AMC 2.5 S) is deleted from the
2 Lease and the following is substituted:

3
4 "10. LESSEE'S RIGHT TO LEASE4 ADDITIONAL SPACE (AMC 2.5 S)

5
6 Throughout the original lease term and any renewal or extension thereof, should additional space
7 become available within COUNTY's building or property, either as a result of the termination of
8 occupancy of another building tenant, or construction by COUNTY of additional space onto
9 COUNTY's building, LESSEE shall have the right of first refusal to lease such additional space.
10 LESSEE's right of first refusal shall extend for a period of ten (10) days following LESSEE's
11 receipt of COUNTY's written notice of the availability of said space. LESSEE's occupancy of
12 said space shall be subject to the terms and conditions of this Lease and rental for said space shall
13 be based on COUNTY's then effective rental rate for leased space in the Data Center."
14

15
16 E. Clause 11 RENT (AMC 1.1 S) is deleted from the Lease and the following is substituted:

17
18 "11. RENT (AMC 1.1 N)

19
20 LESSEE agrees to pay the following monthly rent in accordance with the schedule below, which
21 shall be payable monthly in advance on the first day of each month so long as tenancy continues.
22 In the event the obligation to pay rent terminates on some date other than the last day of the
23 month, the rent shall be prorated to reflect the actual period of tenancy and shall be paid on the
24 first day of the following month.

25

<u>Commencing</u>	<u>Monthly Rental</u>
26 November 1, 2005	\$21,205.00
27 December 1, 2007	\$28,167.00
28 November 1, 2008	\$35,209.00
29	
30	
31 December 1, 2009	\$63,902.00

32
33 Payment of Rent. Rent payments shall be made in accordance with the provisions of the Clause
34 entitled RENT PAYMENT PROCEDURE of this Lease."
35 //
36 //
37 //

1 F. Clause 16. UTILITIES (AM6.1 N) is deleted from the Lease and the following is substituted:

2
3 "16. UTILITIES (AM6.1 N)

4
5 COUNTY shall be responsible for and pay, prior to the delinquency date, all utility services
6 supplied to the Premises, except for electrical which shall be calculated and reimbursed by
7 LESSEE to COUNTY. COUNTY and LESSEE agree that LESSEE's electrical usage will be
8 calculated according to the following formula:

9
10
$$\text{Monthly Reimbursement} = (\text{Monthly KWH used}) \times (\text{Current Average monthly KWH Cost})$$

11
12 The Current Average KWH Cost ("KWH Cost") is \$0.11 per KWH. Said KWH Cost will increase
13 if the California Public Utilities Commission authorizes a rate increase that increases the cost to
14 COUNTY as determined by COUNTY. COUNTY will provide thirty (30) days advance notice of
15 said KWH Cost increase.

16
17 COUNTY shall provide written monthly readings to LESSEE for each reimbursement requested.
18 LESSEE shall have the right to verify said readings or be present for said readings. Said
19 reimbursement for electrical services shall be paid in addition to the rent specified in the clause
20 entitled RENT and shall be payable in the same manner as rent with the rent payment for the
21 subsequent month that the meter readings are provided.

22
23 The total power draw for LESSEE's use shall not exceed 200 KW of uninterrupted power supply
24 ("UPS") supported power without COUNTY's prior written approval. LESSEE may draw up to an
25 additional 150 KW of non-UPS supported, generator backed-up, power without COUNTY's prior
26 written approval."

27
28 G. Clause 24 ATTACHMENTS (8.2 S) is deleted from the Lease and the following is substituted:

29
30 "24. ATTACHMENTS (8.2 S)

31
32 This Lease includes the following, which are attached hereto and made a part hereof:

33 I. GENERAL CONDITIONS

34 II. EXHIBITS

35 Revised Exhibit A-2. Description - Premises

36 Revised Exhibit B-2. Plot Plan - Premises

37 Exhibit C. Plans and Specifications"

1 H. "Revised Exhibit A. Description – Premises" is deleted from the Lease and the attached "Revised
2 Exhibit A-2. Description – Premises" is substituted. All references to "Exhibit A" in the Lease are
3 hereby amended to refer to "Revised Exhibit A-2."
4

5 I. "Revised Exhibit B. Plot Plan – Premises" is deleted from the Lease and the attached "Revised
6 Exhibit B-2. Plot Plan – Premises" is substituted. All references to "Exhibit B" in the Lease are
7 hereby amended to refer to "Revised Exhibit B-2."
8

9 J. Wherever a conflict in the terms or conditions of this Second Amendment and the Lease exists, the
10 terms or conditions of this Second Amendment shall prevail.
11

12 K. In all other respects, the terms and conditions of Lease not specifically changed by the First
13 Amendment or this Second Amendment shall remain in full force and effect.
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1 IN WITNESS WHEREOF, the parties have executed this Second Amendment the day and year first
2 above written.

3
4 APPROVED AS TO FORM:
5 COUNTY COUNSEL

LESSEE

COUNTY OF LOS ANGELES
a body politic and corporate

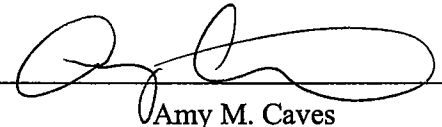
8 BY: _____
9 Deputy

BY: _____
Chair, Los Angeles County

11 DATE: _____

13
14 RECOMMENDED FOR APPROVAL:
15
16 County Executive Office/Information Technology

APPROVED AS TO FORM:
Robert E. Kalunian
Acting County Counsel

BY: 
Amy M. Caves
Deputy County Counsel

19 BY: _____

21 OC Public Works/OC Facilities/Real Estate and
22 Asset Management

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

24 BY: _____
25 Corporate Real Estate

27 SIGNED AND CERTIFIED THAT A COPY OF
28 THIS DOCUMENT HAS BEEN DELIVERED TO
29 THE CHAIR OF THE BOARD OF SUPERVISORS
30 PER GC § 25103, RESO. 79-1535

BY: _____
Deputy

COUNTY

32 ATTEST:

COUNTY OF ORANGE

34 _____
35 DARLENE J. BLOOM
36 Clerk of the Board of Supervisors
37 of Orange County, California

BY: _____
Chair, Board of Supervisors
Orange County, California

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REVISED EXHIBIT A-2

LEASE DESCRIPTION (10.1 S)

PROJECT NO: RDMD/RLS/CEO-07-007

DATE: October 21, 2009

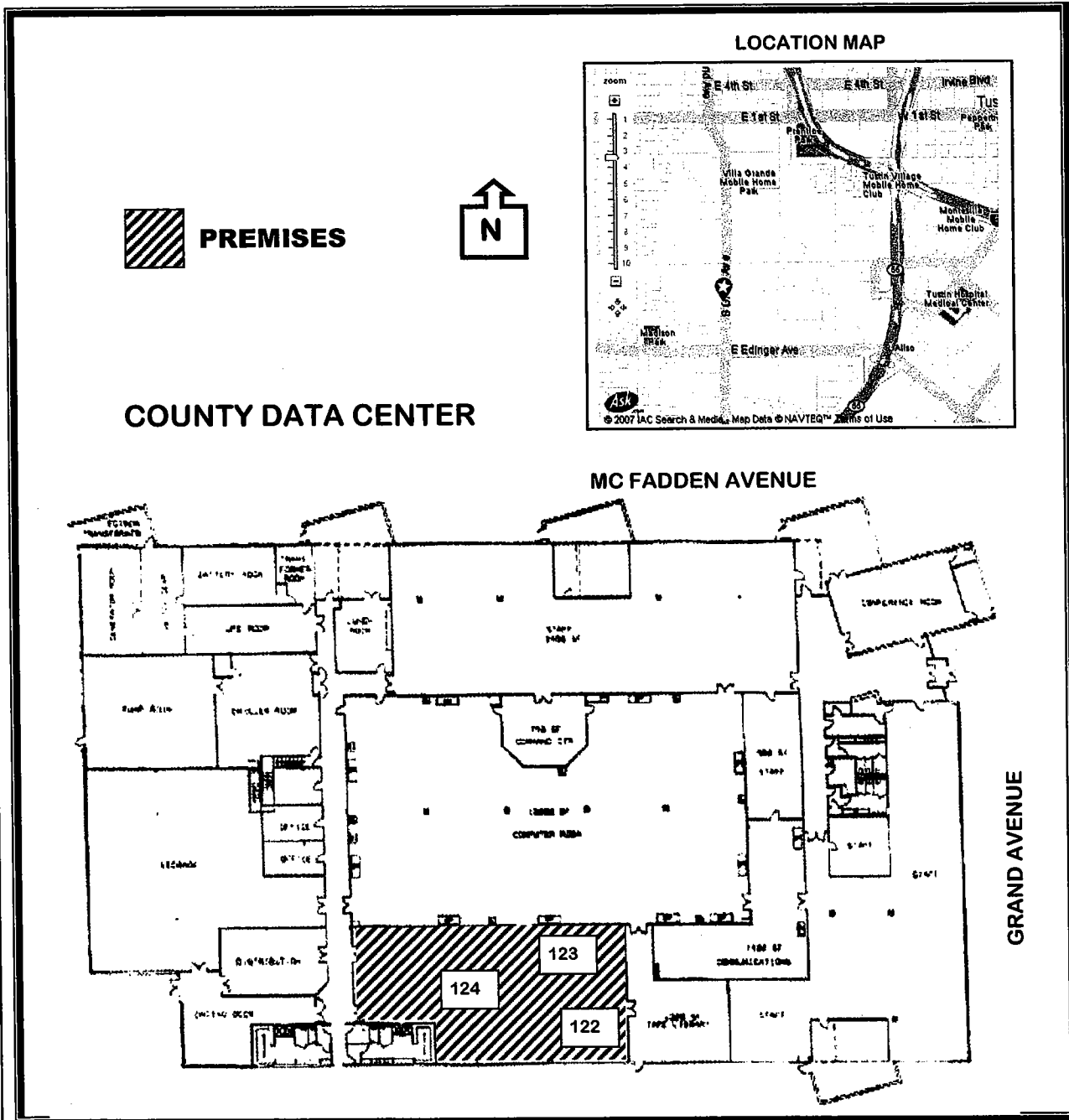
PROJECT: Data Center – County of Los Angeles

VERIFIED BY: John Beck

All the Premises shown crosshatched on a plot plan marked Exhibit B, attached hereto and made a part hereof, being a portion of that certain building located at 1400 S. Grand Avenue, Room 122, Room 123 and Room 124, in the City of Santa Ana, County of Orange, State of California, comprising approximately 4,801 usable square feet, as measured by COUNTY and verified by LESSEE.

NOT TO BE RECORDED

REVISED EXHIBIT B-2



RDMD/RLS/CC-07-007
 Data Center – County of Los Angeles
 1400 S. Grand Avenue #122-124
 Santa Ana, CA 92705

Prepared By: John Beck
Checked By:
Date: 10/21/2009

COUNTY OF ORANGE



COUNTY EXECUTIVE OFFICE